

283 - JOHN WAYNE AIRPORT DEBT SERVICE

Operational Summary

Description:

This fund provides appropriations for debt service and related trustee activity associated with Airport Revenue Bonds, Series 1997 and 2003. The bonds were issued to refinance debt associated with the construction of the JWA Master Plan, including the Thomas F. Riley Terminal, which opened to the traveling public in September 1990. Funding was subsequently added for all facets of the Santa Ana Heights Acoustical Insulation Program.

Strategic Goals:

- Continue to comply with debt defeasance requirements in accordance with the Bond Indenture.
- Maintain Moody's Aa3 rating, Standard and Poor's A+ rating and Fitch's A+ rating on JWA revenue bonds.

FY 2005-06 Key Project Accomplishments:

- Met or exceeded all financial and reporting requirements in accordance with the Bond Indenture.
- Under its bond indenture, the Airport has an obligation to ensure repayment of its bonds and maintain a net revenue rate coverage of at least 125%. Strong operating results produced a rate coverage of 257% for the 2005 fiscal year.
- The Airport's current bond ratings of Aa3, A+ and AA- from Moody's, Standard and Poor's and Fitch respectively, are among the highest in the nation compared to airports of similar size. The latter was upgraded from A+ in April 2006.
- JWA consultant John F. Brown Company completed the SAIP Financial Analysis and Preliminary Financial Plan Report. John F. Brown concluded that the SAIP program is financially feasible and provided a recommended financing alternative that was approved by the Board of Supervisors in December 2005. Also, the Airport submitted to the Federal Aviation Administration the Airport's first Passenger Facility Charge (PFC) application in December 2005.

JWA Debt Service - Provides appropriations to account for all debt service and related trustee activity as required under the JWA Bond Indenture.

SA Heights Acoustical Program - Provides appropriations to account for all aspects of the Santa Ana Heights Acoustical Insulation Program. This program is ending in FY 05-06.

At a Glance:

Total FY 2005-2006 Projected Expend + Encumb:	30,788,904
Total Recommended FY 2006-2007	89,742,456
Percent of County General Fund:	N/A
Total Employees:	0.00

Budget Summary

Plan for Support of the County's Strategic Priorities:

As an enterprise fund, John Wayne Airport is self-supporting through revenues it generates and receives no money from the County General Fund. Net revenues from JWA operations are utilized to provide for repayment of Airport Revenue Bonds.

Changes Included in the Recommended Base Budget:

Non-operating revenues increased approximately \$16 million due to the implementation of a new Passenger Facility Charge (PFC) program at John Wayne Airport.

JWA will utilize all available unreserved net assets to effect operating transfers to the newly established JWA Capital Projects Fund (Fund-Agency 281-281). This fund will be used to budget and account for all new capital projects.

Proposed Budget History:

Sources and Uses	FY 2004-2005	FY 2005-2006	FY 2005-2006	FY 2006-2007	Change from FY 2005-2006	
	Actual	Budget As of 3/31/06	Projected ⁽¹⁾ At 6/30/06	Recommended	Projected Amount	Percent
Total Revenues	64,128,514	48,676,308	42,582,448	89,742,456	47,160,008	110.75
Total Requirements	43,598,715	49,665,437	18,796,591	89,742,456	70,945,865	377.44
Balance	20,529,799	(989,129)	23,785,857	0	(23,785,857)	-100.00

(1) Requirements include prior year encumbrance and expenditures. Therefore, the above totals may not match FY 2005-06 projected requirements included in "At a Glance" (Which exclude these).

Columns may not total correctly due to rounding.

Detailed budget by expense category and by activity is presented for agency: John Wayne Airport Debt Service in the Appendix on page A197

Highlights of Key Trends:

- Since the issuance of the 1987 Airport Revenue Bonds, JWA has consistently exceeded the 125 percent debt service covenant imposed by the Bond Indenture.

283 - John Wayne Airport Debt Service

Operation of Enterprise Fund 283 Operational Statement

Operating Detail		FY 2004-2005	FY 2005-2006	FY 2006-2007	FY 2006-2007
		Actual	Estimate	Proposed Budget	Final Budget
(1)		(2)	(3)	(4)	(5)
OPERATING REVENUE					
7590	Other Charges for Services	625,361	6,509	0	0
Total Operating Revenue		625,361	6,509	0	0
OPERATING EXPENSES					
Services & Supplies					
1900	Professional and Specialized Services	638,427	144,862	60,000	60,000
Total Services & Supplies		638,427	144,862	60,000	60,000
Miscellaneous					
5300	Depreciation	11,302,610	11,300,000	11,300,000	11,300,000
Total Miscellaneous		11,302,610	11,300,000	11,300,000	11,300,000
Total Operating Expenses		11,941,037	11,444,862	11,360,000	11,360,000
Net Operating Income (Loss)		(11,315,676)	(11,438,353)	(11,360,000)	(11,360,000)
NON-OPERATING REVENUE					
6610	Interest	2,254,375	3,224,864	3,614,287	3,614,287
7670	Miscellaneous Revenue	144,946	341,873	15,751,050	15,751,050
Total Non-Operating Revenue		2,399,321	3,566,737	19,365,337	19,365,337
NON-OPERATING EXPENSES					
1912	Investment Administrative Fees	1,826	0	0	0
3200	Bond Redemption	0	0	12,765,000	12,765,000
3300	Interest on Bonds	8,376,293	6,287,338	5,636,788	5,636,788
5400	Loss or Gain on Disposition of Assets	1,063	0	0	0
Total Non-Operating Expenses		8,379,181	6,287,338	18,401,788	18,401,788
Net Non-Operating Income (Loss)		(5,979,860)	(2,720,601)	963,549	963,549
Income (Loss) Before Contributions & Transfers*		(17,295,536)	(14,158,954)	(10,396,451)	(10,396,451)
STATEMENT OF CHANGES IN NET ASSETS - UNRESTRICTED					
Income (Loss) Before Contributions & Transfers		(17,295,536)	(14,158,954)	(10,396,451)	(10,396,451)
7812	Interfund Transfers In - from Funds 2AA-299	22,068,426	17,111,247	18,401,788	18,401,788
4802	Interfund Transfers Out - to Funds 2AA-299	0	0	(59,980,668)	(59,980,668)
Changes to Reserves - Encumbrance - (Inc)/Dec.		428,657	389,729	0	0
Changes to Reserves - Net Assets - Reserved (Inc)/Dec.		(21,852,184)	440,501	28,189,473	28,189,473



Operation of Enterprise Fund 283 Operational Statement

Operating Detail	FY 2004-2005	FY 2005-2006	FY 2006-2007	FY 2006-2007
(1)	Actual	Estimate	Proposed Budget	Final Budget
(2)	(3)	(4)	(5)	
Changes to Reserves - Net Assets, Invested in Capital Assets, Net of Related Debt (Inc)/Dec.	1,997,028	462,665	0	0
Changes to Reserves - Net Assets - Restricted (Inc)/Dec.	(1,426,313)	(989,129)	0	0
Increase (Decrease) in Net Assets - Unrestricted	(16,079,922)	3,256,059	(23,785,858)	(23,785,858)
Net Assets - Unrestricted - Beginning of Year	36,609,721	20,529,799	23,785,858	23,785,858
Net Assets - Unrestricted - End of Year	20,529,799	23,785,858	0	0

*Note - Loss Before Contributions and Transfers is overstated in the 2006-07 Proposed and Approved Estimates columns due to bond redemption expenditures that will be capitalized at year-end.